

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA : CRIMINAL NO: 02-

v. : DATE FILED: \_\_\_\_\_

GARY M. STIGLITZ : VIOLATIONS: 26 U.S.C. § 7206(1)  
WAYNE A. STIGLITZ (Filing false income tax  
returns under penalty of  
perjury - 4 Counts)  
18 U.S.C. § 1341  
(Mail fraud - 2 Counts)

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

On or about April 15, 1997, at Philadelphia, in the Eastern District of  
Pennsylvania, defendant

GARY M. STIGLITZ,

a resident of Holland, Pennsylvania, did willfully make and subscribe a joint United States  
Individual Income Tax Return, Form 1040, for the calendar year 1996, which was verified by a  
written declaration that it was made under the penalties of perjury and was filed with the Director,  
Internal Revenue Service Center, at Philadelphia, Pennsylvania, which income tax return he did  
not believe to be true and correct as to every material matter, in that the return

reported total income of \$83,848, whereas, as he then and there well knew and believed, he received substantial income of approximately \$61,748, in addition to that heretofore stated.

In violation of Title 26, United States Code, Section 7206(1).

COUNT TWO

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

On or about April 15, 1998, at Philadelphia, in the Eastern District of  
Pennsylvania, defendant

GARY M. STIGLITZ,

a resident of Holland, Pennsylvania, did willfully make and subscribe a joint United States Individual Income Tax Return, Form 1040, for the calendar year 1997, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, which income tax return he did not believe to be true and correct as to every material matter, in that the return reported total income of \$48,546, whereas, as he then and there well knew and believed, he received substantial income of approximately \$32,802, in addition to that heretofore stated.

In violation of Title 26, United States Code, Section 7206(1).

COUNT THREE

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

On or about April 15, 1997, in the District of New Jersey and elsewhere, defendant

WAYNE A. STIGLITZ,

a resident of Cherry Hill, New Jersey, did willfully make and subscribe a joint United States Individual Income Tax Return, Form 1040, for the calendar year 1996, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service which income tax return he did not believe to be true and correct as to every material matter, in that the return reported total income of \$81,240, whereas, as he then and there well knew and believed, he received substantial income of approximately \$61,748, in addition to that heretofore stated.

In violation of Title 26, United States Code, Section 7206(1).

COUNT FOUR

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

On or about April 15, 1998, in the District of New Jersey and elsewhere, defendant

WAYNE A. STIGLITZ,

a resident of Cherry Hill, New Jersey, did willfully make and subscribe a joint United States Individual Income Tax Return, Form 1040, for the calendar year 1997, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service which income tax return he did not believe to be true and correct as to every material matter, in that the return reported total income of \$69,377, whereas, as he then and there well knew and believed, he received substantial income of approximately \$32,802, in addition to that heretofore stated.

In violation of Title 26, United States Code, Section 7206(1).

COUNTS FIVE AND SIX

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

At times material:

Manufacturers' Coupons

1. Bristol-Myers Squibb Company of New York, New York; Brown & Williamson Tobacco Corporation of Louisville, Kentucky; Colgate-Palmolive Company of New York, New York; ConAgra of Omaha, Nebraska; General Mills, Inc. of Minneapolis, Minnesota; The Gillette Company of Boston, Massachusetts; Hershey Foods of Hershey, Pennsylvania; Johnson & Johnson of New Brunswick, New Jersey; Kellogg Company of Battle Creek, Michigan; Kimberly-Clark Corporation of Neenah, Wisconsin; Kraft Foods of Glenview, Illinois; Lipton of Englewood Cliffs, New Jersey; Lorillard Tobacco of Greensboro, North Carolina; Nestle USA, Inc. of Glendale, California; McCormick Spice Company of Sparks, Maryland; The Pillsbury Company of Minneapolis, Minnesota; Quaker Oats Company of Chicago, Illinois; S.C. Johnson & Son, Inc. of Racine, Wisconsin; and Warner-Lambert (Pfizer) of New York, New York ("the manufacturers") were representative of manufacturing companies which provided cents-off coupons to consumers for redemption on the retail purchase of their consumer products.

2. "Retailers" were supermarkets and stores that could accept cents-off coupons on retail sales of manufacturers' products specified on the coupons and give consumers a discount equivalent to the face value of the coupons.

3. "Coupons" were manufacturers' cents-off coupons redeemable at the value stated on the coupon, and for which manufacturers and their agents paid retailers and

clearinghouses based on the stated value of the coupons submitted plus a handling charge per coupon.

4. Pennsylvania Coupon Redemption Services, Inc. (PCRS) of Camp Hill, Pennsylvania, was representative of clearinghouses that acted on behalf of manufacturers and retailers and other clearinghouses by receiving coupons from various retailers and clearinghouses and performing the sorting, accounting, billing, mailing of checks and other functions associated with the redemption of coupons.

5. "Unredeemed coupons" refer to a category of misredeemed coupons submitted to manufacturers and clearinghouses for which no corresponding consumer sale of a manufacturer's product existed and for which no reimbursement is legitimately due.

#### The Defendants and Their Scheme

6. Defendants GARY M. STIGLITZ and WAYNE A. STIGLITZ were in the supermarket business and operated Girard Avenue Shop N Bag, and Folcroft Shop N Bag, comprised of two independent food markets located in Philadelphia and Folcroft, Pennsylvania.

7. Defendants GARY M. STIGLITZ and WAYNE A. STIGLITZ purchased manufacturers' cents-off coupons from persons and organizations, and fraudulently submitted those unredeemed coupons to manufacturers and their agent clearinghouses on behalf of their markets as if customers had purchased products with those coupons.

8. Beginning as early as 1993, and continuing to in or about October, 1997, in the Eastern District of Pennsylvania and elsewhere, defendants

GARY M. STIGLITZ and  
WAYNE A. STIGLITZ,

and other persons known and unknown, devised and intended to devise a scheme to defraud and to obtain money and property, by means of false and fraudulent pretenses, representations and promises, from various manufacturers and their agents.

9. It was a part of the scheme that the defendants GARY M. STIGLITZ and WAYNE A. STIGLITZ obtained large quantities of unredeemed coupons from coupon brokers, and “laundered” them through their supermarkets.

It was a further part of the scheme that the defendants:

10. Caused large quantities of unredeemed coupons to be submitted by Girard Avenue Shop N Bag and Folcroft Shop N Bag to the victim manufacturers and their agents.

11. Induced manufacturers and their agents to issue and mail checks in payment for unredeemed coupons submitted for payment.

12. Placed and caused to be placed in the stream of commerce in excess of 1.9 million unredeemed manufacturers’ cents-off coupons valued in excess of \$1,100,000.

13. For the purpose of obtaining money and property, caused to be made to the victim manufacturers and their agents, the following false and fraudulent pretenses,



representations, and promises:

a. That all the coupons submitted by and caused to be submitted by the defendants to the victim manufacturers and their agents were in accordance with the terms and conditions set forth by the victim manufacturers as printed on the coupons, and

b. That each coupon had been taken in trade by a retailer from a consumer purchasing the product or class of product specified on the coupon.

14. On or about the dates stated below, in the Eastern District of Pennsylvania, and elsewhere, defendants

GARY M. STIGLITZ and  
WAYNE A. STIGLITZ,

and other persons known and unknown, for the purpose of executing the scheme and attempting to do so, knowingly caused to be delivered by United States mail, according to the directions thereon, the items described below:

<u>COUNT</u>	<u>DATE</u>	<u>SENDER</u>	<u>ADDRESSEE</u>	<u>ITEM MAILED</u>
<b>Five</b>	10-13-97	PCRS, Inc. P.O. Box 8867 Camp Hill, PA 17001	Folcroft Shop N Bag 1830 Delmar Drive Folcroft, PA 19032	Check No. 228670 in the amount of \$4,251.49.
<b>Six</b>	10-30-97	PCRS, Inc. P.O. Box 8867 Camp Hill, PA 17001	Girard Avenue Shop N Bag 2620 W. Girard Avenue Philadelphia, PA 19130	Check No. 229361 in the amount of \$4,482.16.

In violation of Title 18, United States Code, Sections 1341 and 2.

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PATRICK L. MEEHAN  
United States Attorney